The Conference Board

R4105-4

A Monthly Report from the Consumer Research Center February 1991

Consumer Confidence Survey

January results

Confidence Plunges to Ten-Year Low

The Board's Consumer Confidence Index (1985 = 100) dropped to 54.0 in January, for a loss of slightly over 7 points for the month. The present Index reading is only slightly above the level registered in the trough of the 1980 recession.

Consumer confidence has been falling sharply since the onset of the Gulf crisis. Large losses were experienced in August and in October. Last month's drop in confidence can probably be almost entirely attributed to the Gulf situation. Survey results recorded in the first half of January were down sharply as the many last-minute peace efforts failed. However, in the second half of the month, after the shooting started, people became somewhat more optimistic in their expectations for the immediate future—presumably because early news dispatches suggested a short war.

In assessing ongoing conditions, well over a third of all survey participants now consider business to be bad and express concern about jobs. A third of all respondents now complain that jobs are "hard to get," up slightly from December. In looking ahead to the next six months, there was also more concern in January than in December. Now, close to 36 percent of respondents fear that there will be "fewer jobs," compared with 34 percent in the preceding month. People are also increasingly pessimistic about their families' future income. Now, only 19 percent expect their earnings to rise over the next six months, a drop of more than 3 points compared to the preceding probe.

Buying plans continue to be soft. Intentions to purchase an automobile over the next six months were indicated by 6.2 percent of respondents in December, but only 5.6 percent in January. In the survey reports completed in the second half of January—after the war had begun—the figure was even lower still. Intentions to purchase a home are also marginally below the previous month's levels.

While the softening economy has contributed to the sharp decline in consumer confidence over the past six months, current business conditions, while still uninspiring, do not appear to be sufficiently adverse to explain the sharp drop in the public's spirits in January. The Gulf crisis is unmistakably engendering a high degree of concern. A reasonably quick victory might well provide the psychological thrust to invigorate the economy.

Fabian Linden

The Board's Consumer Confidence Index is classified as a leading economic indicator by the U.S. Department of Commerce. The history of this series as a business-cycle indicator is carried in that agency's monthly publication, Survey of Current Business.

Confidence and Buying Plans

Based on surveys conducted by NFO Research, Inc.
Percentage of all households = 100%

Business **Employment** **Income**

All series seasonally adjusted.	1990 *Jan*	*Feb.*	*Mar.*	*Apr.*	*May*	*Jun.*	*Jul.*	*Aug.*	*Sep.*	*Oct.*	*Nov.*	*Dec.(r)*	1991 *Jan.(p)*
Composite Series: Index Numbers, 1985 = 100													
Consumer Confidence Index	106.5	106.7	110.6	107.3	107.3	102.4	101.7	84.7	85.6	62.6	61.7	61.2	54.0
Present Situation	120.7	126.3	123.7	119.4	117.8	111.1	116.6	100.4	97.5	73.2	70.3	63.3	53.6
Expectations	97.0	93.7	101.9	99.2	100.3	96.6	91.8	74.2	77.7	55.6	56.1	59.8	54.3
Appraisal of Present Situation: Percent													
Business Conditions													
Good	22.7	25.1	24.9	23.8	23.1	22.6	23.4	20.8	19.4	14.2	14.4	13.3	11.0
Bad	18.9	18.1	19.7	19.3	19.7	20.1	20.7	23.5	24.6	28.9	29.8	30.3	34.5
Normal	58.4	56.8	55.4	56.9	57.2	57.3	55.9	55.7	56.0	56.9	55.8	56.4	54.5
Employment													
Jobs plentiful	27.2	28.1	29.2	26.6	26.9	23.4	25.6	21.4	20.6	15.3	13.7	12.4	11.0
Jobs not so plentiful	51.2	51.4	49.0	51.1	50.2	52.9	52.3	52.8	54.3	54.9	56.9	55.9	55.6
Jobs hard to get	21.6	20.5	21.8	22.3	22.9	23.7	22.1	25.8	25.1	29.8	29.4	31.7	33.4
Expectations for Six Months Hence: Percent													
Business Conditions													
Better	17.0	16.7	19.4	17.2	18.5	17.5	17.3	13.7	15.1	12.0	10.9	12.1	11.6
Worse	9.7	11.4	9.5	9.2	9.7	10.4	11.9	18.7	20.4	29.7	29.6	25.6	28.1
Same	73.3	71.9	71.1	73.6	71.8	72.1	70.8	67.6	64.5	58.3	59.5	62.3	60.3
Employment													
More jobs	14.6	14.3	16.6	15.4	15.9	15.5	14.6	11.3	13.9	9.5	9.9	9.9	8.8
Fewer jobs	16.8	17.4	15.4	16.2	16.3	16.5	18.0	22.7	23.2	34.9	34.9	33.9	35.7
Same	68.6	68.3	68.0	68.4	67.8	68.0	67.4	66.0	62.9	55.6	55.2	56.2	55.5
Income													
Increase	28.7	26.6	27.6	29.3	26.6	27.2	27.8	24.2	26.5	19.5	22.4	22.3	18.9
Decrease	6.1	6.0	6.3	6.3	5.2	7.0	7.8	8.5	8.7	11.0	11.5	10.4	11.1
Same	65.2	67.4	66.1	64.4	68.2	65.8	64.4	67.3	64.8	69.5	66.1	67.3	70.0
Plans to Buy Within Six Months: Percent													
Automobile													
Yes	7.5	7.6	8.1	6.2	8.3	8.4	8.8	7.5	7.8	6.3	6.5	6.2	5.6
New	4.1	3.2	4.0	3.7	4.0	4.0	3.3	4.3	3.8	3.3	2.2	2.9	2.9
Used	3.0	3.3	3.3	2.1	3.1	3.3	4.6	2.9	2.7	2.0	3.2	2.8	2.3
Uncertain	0.4	1.1	0.8	0.4	1.2	1.1	0.9	0.3	1.3	1.0	1.1	0.5	0.4
Home													
Yes	3.6	4.1	3.9	2.9	3.9	3.6	4.3	3.0	2.9	2.9	2.6	2.7	2.5
New	0.9	1.0	1.2	0.8	1.1	0.9	0.8	1.0	0.8	0.6	0.9	0.6	0.6
Lived in	1.9	1.9	1.6	1.4	2.0	1.8	2.5	1.3	1.2	1.7	1.4	1.5	1.4
Uncertain	0.8	1.2	1.1	0.7	0.8	0.9	1.0	0.7	0.9	0.6	0.3	0.6	0.5
Major appliances													
Total plans	30.8	31.5	31.9	31.3	29.5	28.8	27.4	32.8	30.3	26.0	25.3	26.9	26.5
Refrigerator	5.2	4.3	5.1	4.5	5.2	4.4	4.4	5.4	4.8	3.6	3.7	4.1	4.5
Washing machine	3.8	4.8	4.4	3.6	3.7	4.1	4.2	4.3	3.9	3.6	3.1	3.5	3.7
TV Set	7.0	7.8	7.3	7.8	6.8	6.9	6.3	7.8	7.7	7.0	6.8	7.1	6.5
Vacuum Cleaner	5.6	5.1	6.3	6.0	5.3	4.5	4.4	6.1	5.7	4.1	4.5	4.7	4.9
Range	3.3	3.1	2.9	3.5	3.0	3.0	3.2	2.7	3.0	2.9	2.3	3.0	2.6
Clothes dryer	3.3	3.7	3.8	3.8	3.3	3.9	2.7	4.0	3.2	3.2	2.7	3.0	2.9
Air conditioner	2.6	2.7	2.1	2.1	2.2	2.0	2.2	2.5	2.0	1.6	2.2	1.5	1.4
Carpet	6.2	6.9	6.5	6.2	6.2	6.6	7.0	7.3	6.7	5.9	5.1	5.6	6.2
Vacation Intended Within Six Months: Percent													
Vacation Intended		49.9		48.1		48.6		48.9		45.9		47.4	
Destination													
U.S.		42.8		41.1		42.2		41.8		40.0		41.4	
Foreign country		9.3		8.8		8.1		9.2		7.5		7.3	
Means of travel													
Automobile		28.7		28.6		29.4		29.4		27.7		27.9	
Airplane		19.6		18.8		19.4		17.9		16.4		17.5	
Other		4.4		3.8		3.3		4.6		3.9		3.7	

(p)—preliminary (r)—revised

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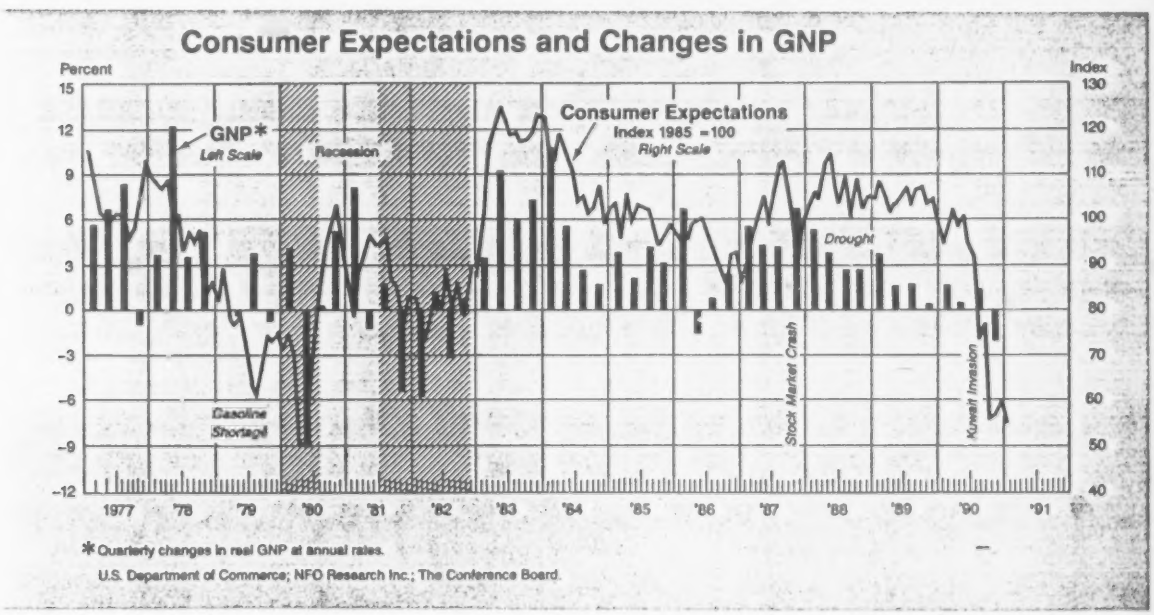
Inflation nterest Rates Stock Prices

Not seasonally adjusted	1990 Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec.(r)	1991 Jan.(p)
	Expectations for Twelve Months Hence: Percent												
Inflation Rate													
Average	5.2	4.8	4.9	4.9	4.9	4.9	4.9	5.4	5.7	6.4	5.9	5.8	5.5
Interest Rates													
Higher	47.2	52.5	58.7	54.5	62.6	56.2	49.5	58.4	64.2	57.4	53.2	49.8	32.5
Same	24.1	26.0	23.9	28.2	23.2	25.3	29.3	20.9	18.8	18.0	21.9	19.9	21.0
Lower	28.7	21.5	17.4	17.3	14.2	18.5	21.2	20.7	17.0	24.6	24.9	30.3	46.5
Stock Prices													
Increase	41.6	35.0	39.0	36.8	38.7	43.6	38.5	30.3	31.4	26.8	25.8	27.4	26.0
Same	35.1	35.7	34.8	37.4	37.0	34.8	36.7	30.9	28.8	25.0	28.2	30.0	30.4
Decrease	23.3	29.3	26.2	25.8	24.3	21.6	24.8	38.8	39.8	48.2	46.0	42.6	43.6

CONSUMER CONFIDENCE BY AGE AND INCOME CLASS

Seasonally adjusted index numbers: 1985 = 100	1990 Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec.(r)	1991 Jan.(p)	3 mos. Percent Change*
AGE OF HOUSEHOLD HEAD														
Consumer Confidence Index														
Under 35	115.4	119.3	122.4	116.1	118.9	111.9	114.5	100.9	94.2	81.9	80.1	73.5	64.8	- 21.2
35-54	105.8	107.9	110.8	109.8	106.7	100.9	102.2	85.0	86.6	61.6	59.6	61.9	55.7	- 24.0
55 and over	96.5	91.3	98.4	94.3	95.2	94.1	88.4	70.2	76.6	50.0	50.5	50.7	42.3	- 27.1
HOUSEHOLD INCOME														
Consumer Confidence Index														
Under $15,000	80.9	78.1	84.5	78.7	83.2	75.4	79.8	59.0	71.6	50.7	46.4	54.2	40.7	- 22.1
$15,000-24,999	97.6	97.1	100.5	106.1	103.1	91.9	98.8	83.4	80.7	55.0	62.9	55.4	48.7	- 23.7
$25,000 and over	118.4	119.9	123.7	119.1	117.9	116.7	109.8	96.0	91.8	69.9	68.3	65.9	61.5	- 24.1

*Percent Change: Average of last three months shown as compared with preceding three months. Age and income data have been adjusted for seasonal variations.



CONSUMER CONFIDENCE BY REGION

Seasonally unadjusted Index numbers 1985 = 100	1990 Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec (r)	1991 Jan (p)	AVERAGE Nov.-Dec.-Jan. 1990	1991	Percent Change*
NEW ENGLAND																
Consumer Confidence Index	72.4	80.5	85.7	64.6	69.9	51.6	42.5	29.2	39.4	23.0	26.3	26.9	29.3	86.0	27.5	-68.0
Present Situation	101.3	105.4	96.8	71.9	68.2	53.3	36.3	22.5	29.9	9.2	10.8	8.8	6.4	120.5	8.7	-92.8
Expectations	53.2	63.9	78.3	59.7	71.1	50.5	45.4	33.8	45.8	32.2	36.7	38.9	44.6	63.0	40.1	-36.4
MIDDLE ATLANTIC																
Consumer Confidence Index	109.0	101.4	98.6	95.1	99.7	91.5	86.0	69.8	75.7	56.9	47.8	47.3	45.8	114.4	47.0	-58.9
Present Situation	128.7	126.6	111.1	108.9	106.6	111.9	104.7	92.2	96.6	74.3	53.0	48.2	38.2	141.6	46.4	-67.2
Expectations	95.9	84.6	90.3	85.9	95.1	78.0	73.5	54.8	61.7	45.3	44.4	46.8	50.8	96.3	47.3	-50.9
EAST NORTH CENTRAL																
Consumer Confidence Index	105.5	102.4	110.7	108.3	109.0	102.3	104.1	88.8	87.8	72.7	65.7	60.9	56.3	111.2	61.0	-45.2
Present Situation	119.4	117.2	117.2	123.4	127.0	118.1	125.3	111.1	113.5	101.2	87.4	80.6	66.9	129.7	78.3	-39.6
Expectations	96.2	92.5	106.3	98.2	97.0	91.7	90.0	73.9	70.7	53.6	51.2	47.8	49.2	98.8	49.4	-50.0
WEST NORTH CENTRAL																
Consumer Confidence Index	95.7	98.2	92.3	101.9	92.8	94.2	94.1	78.7	68.7	67.2	61.0	54.3	61.6	103.7	59.0	-43.1
Present Situation	102.8	105.1	101.1	106.1	110.3	103.9	116.6	94.1	83.6	87.5	78.7	62.3	64.8	115.9	68.6	-40.8
Expectations	91.0	93.6	86.4	99.0	81.2	87.8	79.1	68.4	58.8	53.7	49.2	49.0	59.5	95.6	52.6	-45.0
SOUTH ATLANTIC																
Consumer Confidence Index	124.6	125.2	130.2	121.4	122.6	128.9	119.9	95.9	98.0	74.0	69.4	63.5	57.4	129.9	63.4	-51.2
Present Situation	147.7	148.3	156.8	146.4	147.0	149.2	146.9	121.3	126.3	95.4	87.9	74.5	61.2	159.9	74.5	-53.4
Expectations	109.3	109.8	112.5	104.7	106.4	115.4	101.9	79.0	79.1	59.8	57.1	56.1	54.9	109.9	56.1	-49.0
EAST SOUTH CENTRAL																
Consumer Confidence Index	90.6	87.6	101.7	91.7	79.4	87.7	96.4	76.6	90.1	55.9	47.9	64.9	50.8	98.2	54.5	-44.5
Present Situation	79.1	81.4	85.1	84.8	68.1	79.3	102.8	82.9	102.4	59.7	47.4	63.4	38.7	89.4	49.8	-44.3
Expectations	98.3	91.7	112.8	96.2	86.9	93.3	92.1	72.4	81.9	53.3	48.3	65.8	58.9	104.1	57.7	-44.6
WEST SOUTH CENTRAL																
Consumer Confidence Index	84.7	95.6	93.2	92.0	90.5	78.9	84.7	77.5	90.6	63.5	71.8	70.0	58.5	84.0	66.8	-20.5
Present Situation	43.9	58.7	57.7	60.1	58.4	51.7	59.1	58.3	62.5	44.0	47.1	54.3	40.7	48.9	47.4	- 3.2
Expectations	112.0	120.2	116.9	113.4	111.9	97.1	101.8	90.3	109.4	76.5	88.3	80.4	70.4	107.3	79.7	-25.7
MOUNTAIN																
Consumer Confidence Index	84.3	92.8	96.2	104.3	101.0	97.2	99.3	72.0	108.5	62.5	68.6	77.1	65.9	90.7	70.5	-22.3
Present Situation	53.7	69.0	68.2	74.9	82.2	75.8	88.0	64.1	96.5	51.4	60.6	58.7	49.1	62.2	56.1	- 9.7
Expectations	104.7	108.6	114.9	123.9	113.5	111.5	106.8	77.2	116.5	70.0	74.0	89.3	77.1	109.8	80.1	-27.0
PACIFIC																
Consumer Confidence Index	134.1	138.5	139.8	126.1	127.5	119.6	121.9	108.3	105.6	88.0	92.0	80.0	67.8	133.7	79.9	-40.2
Present Situation	166.5	174.6	167.8	160.6	165.2	151.0	168.1	153.8	143.4	120.0	134.1	113.2	75.7	167.9	107.7	-35.9
Expectations	112.6	114.4	121.1	103.2	102.4	98.7	91.1	77.9	80.4	66.7	63.9	57.9	62.5	110.9	61.5	-44.6

*Percent Change: Average of last three months shown as compared with same period year ago. Regional data are not adjusted for seasonal variations.